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Afghanistan's

ECONOMY

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AGRICULTURE IN AFGHANISTAN'S ECONOMY

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THE SETTING

Afghanistan's economy is basically agricultural. From 75 to 85 percent of the population of about 16 million are directly engaged in agriculture. About 10 percent of those in agriculture are nomads who migrate seasonally with their livestock in search of pasture. They are the main suppliers of livestock products. The remaining 90 percent are primarily involved in the production of wheat, corn, barley, rice, cotton, fruits, and vegetables. The country was self-sufficient in the production of foodstuffs, excepting sugar and tea, until 1957 when 40,000 metric tons of wheat were imported. During the First and Second Economic Development Plans (1957/58-61/62 and 1962/63-66/67), annual imports of wheat averaged 50,000 tons and 97,000 tons, respectively.

Of the total land area of about 63 million hectares (245,000 square miles), 7.8 million hectares or 12 percent is under cultivation. Of this 7.8 million, 5.3 million hectares are equipped with irrigation facilities, but due to shortages of irrigation water only about 2.5 million hectares are irrigated in any given year; another 1.3 million hectares of wheat and barley, about 50 percent of the area devoted to these crops, are nonirrigated. In many areas the shortage of irrigation water is due to the inefficiency of primitive irrigation systems and practices. Many of the diversion structures are unable to withstand high-water flow and must be repaired or rebuilt annually.

Methods of cultivation are primitive and the crude implements used are hand tools or animal-drawn. The irrigated plots are generally too small to accommodate mechanized equipment. The average farm size on irrigated land is about 3 hectares, about one-half of which is irrigated while the other half remains fallow. Farm labor productivity is relatively low because of the small amounts of capital inputs used in the agricultural sector. Use of chemical fertilizers is just beginning.

The most prominent topographical feature of Afghanistan is the Hindu Kush mountain range which extends 450 miles from the northeast, where it rises to a height of 20,000 feet, to the southwest where it merges with an extensive plains area. Plains are also the predominant characteristic north of the mountain range where the richest agricultural area of the country is located. Until recently, when the Salang Pass tunnel was constructed, this area had been somewhat isolated from the economic and political center at Kabul.

The climate varies from alpine in the northeast and at higher altitudes to continental (extremes of hot and cold) in the plains and deserts. Annual precipitation averages from 12 to 16 inches and occurs primarily from December to May; much of it is in the form of snow in the mountains. Summer rains are rare in most of Afghanistan.

The social structure in Afghanistan, traditionally static and bound by custom, consists of a small elite group at one extreme and the majority of people, the low-income group, at the other. A small business and entrepreneurial class is emerging, however. The elite group includes the tribal chieftains, landlords, and religious leaders, together with the military, professionals, and intellectuals who live in the few major urban centers. The joint family unit, consisting of several households, forms the primary building block of the tribal organization.

AGRICULTURAL PRODUCTION UNDER THE SECOND FIVE-YEAR PLAN

Since 1957/58, the country's economic development efforts have been carried out under the guidance of five-year plans. The First Five-Year Plan covered the period 1957/58 to 1961/62, the Second Plan 1962/63 to 1966/67. Agricultural development under these plans was primarily characterized by the construction of large irrigation facilities. There has been a slight reduction on the emphasis of major irrigation facilities for the Third Plan which began in mid-March. More effort will be given to the development of new crop varieties and cultural techniques to increase yields on presently irrigated land.

Data on Afghanistan's agricultural production and yield are not very reliable because the country has never conducted a census of agriculture or population. 1/ The estimated agricultural production growth rates are likely to be subject to less error than the estimates of production.

Crop production in Afghanistan has long been one of subsistence farming. Recently some cereals have been produced specifically for the market, but only in areas adjoining urban centers. Cotton, sugarbeets, fruits, and vegetables, the cash crops of Afghanistan, make up only about 6 percent of the total crop area. Production of these crops has been increasing more rapidly than that of cereals. The average production of cereals during the Second Plan was only 23,000 metric tons greater than the 5-year average of 3,554,000 tons (0.6-percent increase) produced during the First Plan (table 1). On the other hand, production of cash crops increased 180,000 tons or 20 percent from the previous 5-year average of 908,000 tons.

Except for cash crops, agricultural production was disappointing during the Second Plan. Average annual wheat production during the Second Plan (2,156,000 tons) was only 98 percent of the average for the previous 5 years (2,204,000 tons). Because of this poor performance, a population growth rate of 1.9 percent, and the combined effect of urbanization and rising incomes, Afghanistan has had to import increasing amounts of wheat. Most of these imports have been supplied by the United States under P.L. 480 agreements.

1/ However, data on cotton and sugarbeets are more reliable because of the commercial character of the industry and the compulsory acreage allotment programs for these products.

Table 1.--Afghanistan: Agriculture (crops and livestock) under the First and Second Five-Year Plans 1/

Commodity	Production			Area			Yield		
	1957/58- 1961/62	1962/63- 1966/67	Compound rate of increase	1957/58- 1961/62	1962/63- 1966/67	Compound rate of increase	1957/58- 1961/62	1962/63- 1966/67	Compound rate of increase
	<u>1,000 MT</u>	<u>1,000 MT</u>	<u>Percent</u>	<u>1,000 ha.</u>	<u>1,000 ha.</u>	<u>Percent</u>	<u>Kilos/ha.</u>	<u>Kilos/ha.</u>	<u>Percent</u>
Food grains	3,554	3,577	0.1	3,266	3,407	0.8	1,088	1,050	- 0.7
Wheat	2,203	2,156	- 0.5	2,231	2,343	1.0	987	920	- 1.4
Corn	674	715	1.2	494	500	0.2	1,364	1,430	0.9
Barley	364	378	0.8	336	350	0.8	1,083	1,080	0.0
Rice (milled)	313	328	0.9	205	214	1.1	1,527	1,533	0.1
Cotton (seed) ..	50	84	10.9	64	72	2.4	781	1,167	8.4
Sugarbeets	41	55	6.1	3.8	3.7	- 0.5	10,789	14,865	6.6
Sugarcane	41	48	2.7	1.6	1.9	3.5	25,625	25,263	- 0.3
Oilseeds	48	51	1.2	148	150	0.3	324	340	1.0
Fruits	276	349	4.8	59	67	2.6	4,678	5,209	2.2
Vegetables	500	552	2.0	100	104	0.8	5,000	5,308	1.2
Total				3,642	3,806	0.9			
Sheep	19.0	20.1	1.1						
Ordinary sheep	14.9	14.4	- 0.7						
Karakul sheep	4.1	5.7	5.6						
Wool	2/ 20.9	3/ 23.0	2.4						
Karakul pelts	2/ 2,500	3/ 2,560	0.6						

1/ Year begins in mid-March.

2/ 1961.

3/ 1965.

Source: Government of Afghanistan, Ministry of Agriculture.

A major effort is underway to increase wheat production. Improved wheat seed varieties and fertilizers are being distributed to farmers in various parts of the country for the purpose of developing 1,200 demonstration plots (about 1,000 for wheat). A program to subsidize approximately one-half the cost of commercial fertilizers to farmers has also been announced.

Inputs were far short of the planned target during the Second Plan. New lands to be irrigated were increased 31,000 hectares, only 27 percent of the 115,000-hectare target. Two fertilizer plants scheduled to be in operation were not built and only 37,800 tons of fertilizer were imported during this period.

Cotton is one of the major cash crops of Afghanistan. Because of its importance as an export commodity and as a source of raw materials for industry, the Government has tried to get farmers to produce more cotton for relatively low prices through a compulsory acreage allotment program supervised by the field extension staff. The program has been relatively ineffective, however. The annual average growth rate of 10.9 percent in cotton production between the First and Second Plan periods was due to better cultural practices as farmers responded to a 25-percent price increase.

In 1963/64 cotton production reached a peak of 110,000 tons, mostly from increased yield. As the price incentive for raising cotton disappeared, due to a general price rise of other agricultural products, cotton production fell to the 1962/63 level of about 70,000 tons. Since the producer price of cotton is determined by Government policy, future production levels will be a function of such policy.

The historical performance of sugarbeet production has been similar to that of cotton, and as in the case of cotton Government policy has been a prime determinant of the level of production. Average sugarbeet production during the Second Plan increased 6.1 percent annually over the average level reached during the First Plan. At the same time average sugar production from sugarbeets increased 9.6 percent annually, indicating an increase in sugar content of beets delivered for refining.

Sugarcane is processed and consumed locally in the form of crude sugar known as gur. Demand and production have increased at about the same rate as population, a relationship which is likely to continue unless the sugarcane processing plant in Jalalabad resumes operations and a major effort is made to increase production.

Afghanistan has a favorable climate for fruit culture. The quality of fruit grown is generally high. Fruits produced include apples, pears, apricots, peaches, plums, quinces, cherries, pomegranates, and many varieties of grapes and melons. Although estimates of the production level are highly unreliable, the estimated annual increase of 4.8 percent is a fair indication of the production response needed to meet the increased domestic and export demand. If the economic remuneration for growing fruit continues to be favorable as a result of a strong export market, growth in this subsector should continue at a relatively rapid rate.

Livestock and their products constitute the largest single source of gross national product (GNP). Average annual population of the principal classes of livestock during the Second Plan is estimated as follows:

<u>Type</u>	<u>Million</u>
Sheep	
Ordinary	14.4
Karakul	5.7
Cattle	3.6
Goats	3.1
Donkeys	1.2
Horses	0.3
Camels	0.3
Chickens	5.5

Both ordinary and karakul sheep are primary sources of meat and also supply wool and pelts for domestic processing and export. Goats are important sources of meat and milk. Most cattle, donkeys, horses, and camels are beasts of burden and their numbers are primarily determined by the need for animal power.

Because of the precarious weather in Afghanistan, both in the wide range in annual precipitation and in the severity of winters, sheep numbers fluctuate widely from year to year. The sheep are raised primarily on natural public grazing lands located in the lower elevations of the mountains. Areas where drinking water for livestock is not strategically located are undergrazed while others closer to water sources tend to be overgrazed. This situation has been aggravated by the loss of the better grasslands in the plains as a result of increasing dryland wheat production.

Annual sheep numbers for the Second Plan averaged 1.1 million greater than the average of 19.0 million for the First Plan. The number of karakul sheep increased by 1.6 million to 5.7 million while the number of ordinary sheep decreased by 0.5 million head to 14.4 million. Because of the current conditions existing in the vast areas of rangelands, a significant improvement in carrying capacity is hardly to be expected in the near future.

Since sheep producers can market their product in several different forms, the relative prices of meat, wool, and pelts will determine the quantity of each product that will be marketed from any given flock size. In the case of a karakul sheep enterprise, for instance, only about 20 percent of total receipts come from pelts. With the doubling of meat prices during 1961-65 and the expectation of a continued strong demand for meat, sales of sheep for meat production will probably increase more rapidly than for other sheep products.

AGRICULTURAL DEVELOPMENT

The principal factors limiting increases in Afghanistan's agricultural production under current cultural techniques are the availabilities of water and of suitable land for cultivation. A large capital investment would be required to increase the arable land area. Preliminary investigations indicate

that application of improved cultural techniques to the existing arable land base could result in a far greater return on capital inputs.

The major constraint to agricultural development during the next 5 years, and also the most difficult to overcome, is the extreme shortage of trained personnel to transmit the results of research to the farmer. And the extension staff, recently totaling 206, is projected to increase to only 300 by the end of 1971.

The usefulness of the extension service can be increased without further diluting the quality through rapid expansion by concentration on areas with the greatest potential for development. In the case of cash crops, the producers are already market-oriented in both inputs and the products produced. The area occupied by these crops is only 7 percent of that in foodgrains. If the production of cash crops rather than cereals were expanded, the foreign exchange required for importing fertilizers would be considerably less. However, some of the foreign exchange savings would be negated by continued and perhaps increasing imports of foodgrains.

The principal sources of foreign assistance have been the Soviet Union and the United States. Soviet assistance, which has been somewhat larger, has been concentrated on the building of roads, industry, and power plants.

U.S. Economic Assistance

U.S. assistance to Afghanistan began in 1950 and by the close of 1966 had reached a total of about \$349 million (table 2). P.L. 480 assistance, mostly wheat shipments under Title II, and grants, totaled about \$277 million during this 16-year period, while loans were only \$72 million.

U.S. assistance has been directed toward the building of roads, dams, and power plants. Recently emphasis has shifted to technical assistance in response to the urgent need for technicians in various sectors of the entire economy.

Most U.S. assistance to Afghanistan's agricultural development has been concentrated in the Helmand Valley. To date, the Helmand Valley Authority has expended a total of about \$100 million, funds deriving from both foreign and domestic sources; of this amount, \$70 million has been used for capital formation and \$30 million for operation and management expenditures. The United States has supplied \$18.3 million for development in the Helmand Valley.

Construction of the Kajakai and Arghandab Dams has created a storage capacity sufficient to supply water for an estimated 400,000 hectares of crop land. Irrigation facilities are currently available for about 120,000 hectares. Canals and main laterals have been constructed, although drainage has not yet been provided. Total cost for completing all irrigation facilities, including land leveling for the 120,000 hectares, has been estimated at \$50 million. Currently, about 30,000 hectares have had all irrigation facilities installed, land leveled, and drainage established. All facilities are planned for an additional 35,000 hectares during the next 5 years.

Table 2.--Afghanistan: U.S. economic assistance, 1950-66

Item	Total value
	- <u>Million U.S. dollars</u> -
P.L. 480 <u>1</u> /	111
Loans	72
Grants	166
Transportation	87.5
Education	24.3
Helmand Valley Authority	18.3
Agriculture	6.5
Public administration	6.1
Industry	3.5
Other <u>2</u> /	19.7
Total	349

1/ Mostly wheat shipments under Title II.

2/ Other projects and support of U.S. AID personnel in Afghanistan.

Source: Background Notes, Afghanistan, U.S. Dept. State, Pub. 7795, Revised March 1967.

The Helmand Valley Authority has been beset with problems since its inception. The selection of Marja and especially the Nadi-i-Ali area as pilot areas for complete development and settlement was unfortunate and has served as a deterrent to developing other areas. The low fertility of the soil and impervious subsoil at shallow depths, combined with the inexperience of many new settlers in farming irrigated land, make success almost impossible. These areas, now water-logged, saline, and abandoned, can be used to develop pasture for the livestock industry. Although progress has been slow, the Helmand Valley has great potential for producing a large part of the nation's food supply and raw materials for industry.

INDUSTRY

The agricultural sector is the primary source of raw materials for Afghanistan's industry. These materials include cotton, sugarbeets, wool, and karakul sheep pelts.

The industrial sector (factory industry), which produces about 3 percent of GNP, increased its output rapidly during 1962-66 (table 3). Although the expansion was from a very low base, an annual average growth rate of 15 percent is significant. The smallness of this sector is indicated by the fact that out of an estimated 4 million workers only 30,000 are currently employed in factory enterprises.

Handicraft industries are currently more important than the factory industry in both their contribution to GNP and in number of workers employed. Employment in these industries is estimated to be 200,000, while the contribution to GNP is about 7 percent. This sector is primarily engaged in the production of consumer goods such as carpets, leather goods, textiles, and metal tools and equipment.

Exploration is underway to locate and evaluate the extent of Afghanistan's nonagricultural natural resources. The most significant finding to date is the estimated 70 billion cubic meters of natural gas in north central Afghanistan. The country is planning to install a pipeline to the Soviet Union for the export of 4 billion cubic meters of gas annually. A urea fertilizer plant using natural gas with a capacity of 105,000 metric tons (47,000 tons of plant nutrients) is scheduled to be constructed in the Mazar-i-Sharif area by the end of the decade. An iron ore deposit (63 percent iron content) of potential importance has been located in the rugged Hajigak mountain area northwest of Kabul. As yet, the size of the deposit or the economic feasibility of processing it internally or exporting the ore is not known. Several low-quality coal mines are in operation but no coking coal has been discovered.

Factories in Afghanistan may be publicly owned, privately owned, or a combination of both. All mines and electricity are publicly owned. Government participation is significant in industries such as those producing nonconsumer goods--for instance, an industrial workshop, a cement plant, and a prefabricated housing plant. Most small-scale industries--agriculture and the services--are in private hands.

Expansion or construction of a factory enterprise requires the approval of the central Government so that scarce foreign exchange can be allocated for the importation of capital equipment not produced domestically.

TRANSPORTATION

Poor and limited transportation facilities are hampering the development of Afghanistan's agriculture. The country has no railway system or significant navigable rivers. Highways and trails form the transportation network for both domestic and export traffic. This system is supplemented by seven principal airports, two of which, Kabul and Kandahar, are international airports built by the Soviet Union and the United States, respectively. A large amount of traffic is still carried by camels, donkeys, and horses.

Table 3.--Afghanistan: Major industrial production for First and Second Plan 1/

Industrial products	Unit	1957/58- 1961/62 (average)	1962/63- 1965/66 (average)	Compound rate of increase (percent)	1965/66
Cotton textiles	Million meters	21.8	46.5	20.8	55.2
Cotton yarn	1,000 MT	0.2	0.9	45.7	1.1
Rayon textiles	Million meters	0.1	0.6	56.5	1.0
Woolen textiles	Million meters	0.3	0.2	- 9.6	0.1
Cement	1,000 MT	32.9	112.0	35.8	143.2
Sugar	1,000 MT	4.6	6.6	9.4	7.5
Salt	1,000 MT	24.6	30.5	5.5	38.9
Coal	1,000 MT	41.8	110.8	27.6	147.0
Electric power	Million KWH	85.7	182.0	20.7	184.3

1/ Year begins in mid-March.

Source: Government of Afghanistan, Ministry of Planning. Survey of Progress, 1962-64 and 1964/65, and Progress Report for Industry in Operation, 1341 (1962/63).

The highway and trail system is estimated to be about 13,500 kilometers. Approximately 2,000 kilometers are paved primary highways which will eventually be extended to ring the country. This ring is currently incomplete from Kunduz to Herat in the north. Main roads have also been extended to the borders of Iran, Pakistan, and the Soviet Union. These paved highways are supplemented by 5,500 kilometers of secondary dirt roads and by about 6,000 kilometers of trails that are not always passable.

The total number of registered vehicles is about 16,500 of which 8,100 are automobiles, 7,150 are trucks, and 1,250 are buses. Truck capacity ranges from 4 to 12 tons and averages 6 tons.

Although the opening of new roads has increased internal trade with major consuming areas throughout the country, the subsistence nature of Afghanistan's agriculture limits internal trade to a few manufactured items and consumer goods. The large price variations from village to village for even such a basic commodity as wheat reflect the rudimentary nature of existing trade channels.

AGRICULTURE'S ROLE IN FOREIGN TRADE

Afghanistan is primarily an exporter of agricultural products and an importer of industrial goods, although several items of farm origin are of significance in imports. The Government acquires about 80 percent of its income through various taxes on commodities exported from or imported into the country. The tariff policy has been to levy light taxes on imports of essential consumption items, raw materials, and machinery, and heavier taxes on goods in which Afghanistan has some self-sufficiency. Importation of certain luxury items or other commodities produced domestically is prohibited. Government revenue is also obtained from the sale of sugar and petroleum products imported by the Government monopoly. Foreign trade is unusually important to Government finance.

Government revenues from exports are collected through (1) direct taxes on wool and cotton, and (2) a pegged foreign exchange surrender rate on karakul pelts, cotton, and wool at the official rate of 45 afghanis per U.S. dollar, compared with the free rate of about 70 afghanis per U.S. dollar.

Exports

Since Afghanistan has no direct access to seaports, the mix and direction of foreign trade have been affected by the country's relations with neighboring nations. The occasionally adverse political relations with Pakistan over the location of their joint border and the recent Indo-Pakistan conflict have interfered with Afghanistan's trade with Western markets and Japan and have resulted in increased trade with the Soviet Union. This shift has also been facilitated by the Soviets' road-building program in Afghanistan. In addition, the export tax system has also influenced the direction of trade, since the same items bound for different export markets have different tax levels imposed upon them.

Commodities of low unit value such as carpet wool and cotton are being exported to the Soviet Union. The more expensive commodities per unit of weight, such as karakul pelts, can absorb higher transportation costs and are therefore sold to Western Europe and the United States. Foreign exchange earnings from these commodities are less dependable because as semiluxury items they are subject to wide price fluctuations.

India and Pakistan are principal export markets for Afghanistan's fruit. In recent years this commodity has replaced karakul pelts as the most important export item. Although the dried fruit are produced from a high-quality fresh product, the processed commodity is not desirable enough for the Japanese or Western markets. Steps to improve the quality are being taken in an effort to increase exports to convertible currency markets.

Annual total exports during 1962/63-1965/66 averaged \$67.1 million (in U.S. dollars), an increase of \$14.5 million over the previous 4-year average or an annual average growth rate of 6.3 percent (table 4). Dried fruits and nuts and cotton increased \$5.2 million. Cotton exports grew 15.7 percent annually while dried fruits and nuts grew 11.9 percent. The value of oilseed exports also made significant gains, increasing from \$1.2 million to \$3.4 million.

Table 4.--Afghanistan: Value of exports by commodity for First and Second Plan 1/

Commodity	1957/58- 1962/63 (average)	1962/63- 1965/66 (average)	Compound rate of increase	1965/66
	Mil. U.S. dollars	Mil. U.S. dollars	Percent	Mil. U.S. dollars
Dried fruits and nuts	9.2	14.4	11.9	17.9
Karakul skins	14.8	14.3	- 0.7	16.1
Cotton	6.6	11.8	15.7	11.1
Carpets and rugs	6.0	7.9	7.1	8.9
Fresh fruit	4.3	4.1	- 1.7	6.1
Oilseeds	1.2	3.4	29.7	4.5
Wool	7.5	5.8	- 6.2	2.0
Hides and skins	1.1	1.8	13.1	1.4
Casings	0.7	1.4	18.9	1.2
Other fur skins	0.2	0.3	10.7	0.1
Medicinal herbs	0.6	0.7	3.9	0.1
Other	0.4	1.2	31.6	0.6
Total	52.6	67.1	6.3	70.0

1/ Year begins in mid-March.

Source: Government of Afghanistan, Ministry of Commerce, Afghanistan's Foreign Trade, 1335-1342 (1956/57-1963/64).

The value of exports of wool and karakul pelts decreased during this period, with wool experiencing the largest decrease--\$1.7 million, or an annual average decrease of 6.2 percent. Karakul pelt exports decreased 0.7 percent annually. Wool and karakul exports were lower because flock size was reduced considerably during the severe winter of 1963/64 as a result of poor pasture conditions, which still prevail; rising relative meat prices have resulted in increased slaughtering; and wool is being increasingly used domestically for carpet making.

Imports

Afghanistan depends heavily on imports of manufactured and capital goods. With the exception of cotton goods and other fabrics, where import substitution has been prominent in recent years, both commercial and loan and grant imports are increasing significantly.

Table 5.--Afghanistan: Value of imports by commodity for First and Second Plan 1/

Imports	1958/59- 1962/63 (average)	1962/63- 1965/66 (average)	Compound rate of increase (percent)	1965/66
- - - - <u>Million U.S. Dollars</u> - - - - -				
Commercial imports:				
Sugar	2.8	3.1	2.6	3.0
Tea	3.0	3.6	4.6	2.9
Other foods	0.6	0.6	0.0	0.9
Cotton fabrics	5.7	3.9	- 9.0	4.0
Other fabrics	6.3	5.4	- 3.8	4.3
Clothing, used	2.0	3.1	11.6	3.0
Tobacco and tobacco products ...	0.4	0.3	- 6.7	0.2
Petroleum products	4.8	6.0	5.7	4.3
Tires and tubes	1.4	2.1	10.7	2.1
Vehicles	3.8	4.8	6.0	5.4
Machinery	3.0	2.4	- 5.4	2.7
Other	15.1	25.8	14.3	23.8
Total	48.9	61.1	5.7	56.6
Loans and grants	36.0	67.3	16.9	74.4
Total imports	84.9	128.4	10.9	131.0

1/ Year begins in mid-March.

Source: Government of Afghanistan, Ministry of Commerce, Afghanistan's Foreign Trade, 1335-1342 (1956/57-1963/64).

Table 6.--Afghanistan: Value of trade by country for First and Second Plan 1/

Item and country	1958/59- 1962/63 (average)	1962/63- 1965/66 (average)	Compound rate of increase (percent)	1965/66
- - - - - <u>Million U.S. Dollars</u> - - - - -				
Exports:				
U.S.S.R.	14.0	21.1	10.8	17.5
United States	10.7	10.0	- 1.6	11.0
United Kingdom	7.9	8.9	3.0	12.3
India	8.5	8.4	- 0.3	4.9
Pakistan	3.1	4.9	12.1	9.7
West Germany	4.4	4.6	1.1	5.5
Other barter countries	2.1	4.0	17.4	1.7
Other	1.8	5.2	30.4	7.4
Total	52.5	67.1	6.3	70.0
Imports:				
U.S.S.R.	41.1	65.6	12.4	61.0
United States	14.0	18.8	7.6	20.0
West Germany	2.9	9.8	35.6	17.3
Japan	7.3	8.3	3.3	8.0
India	8.0	8.1	0.3	5.0
Other barter countries	3.5	5.8	13.5	5.6
Pakistan	2.8	2.7	- 0.9	4.0
United Kingdom	1.5	2.6	14.7	4.7
Other	3.8	6.7	15.2	5.4
Total	84.9	128.4	10.9	131.0
Commercial	48.9	61.1	5.7	56.6
Loans and grants	36.0	67.3	16.9	74.4

1/ Year begins in mid-March.

Source: Government of Afghanistan, Ministry of Commerce, Afghanistan's Foreign Trade, 1335-1342 (1956/57-1963/64).

OFFICIAL BUSINESS

With the exception of tea, sugar, and wheat, Afghanistan has been self-sufficient with regard to foodstuffs. Although average annual sugar production increased 9.4 percent annually from 1957/58-1961/62 to 1962/63-1965/66, sugar imports also increased 2.6 percent annually (table 5). This reflects a substantial increase in per capita consumption of sugar. In contrast, total wheat availability remained approximately constant as imports increased in response to a slight decrease in production.

The U.S.S.R. is the principal supplier of machinery, petroleum products, sugar, automobiles, and footwear. India is the leading supplier of cotton textiles, Japan of other textiles, and India and Japan of tea. The United States is a major supplier of wheat, trucks, machinery, tobacco manufactures, and second-hand clothing.

Of the average annual imports totaling \$128.4 million for 1962/63-1965/66, commercial imports accounted for \$61.1 million, and loan and grant-financed imports for the remaining \$67.3 million (table 6). This represents an increase from the preceding 4-year period of \$5.4 million for commercial imports and \$31.3 million for loan and grant imports.

Annual imports derived from loans and grants averaged \$67.3 million during 1962/63-1965/66. The U.S.S.R. provided 66.2 percent of this total, the United States 22.8 percent (including an annual average import of wheat of 71,000 tons), West Germany 8.5 percent, Czechoslovakia 1.1 percent, and the United Nations 1.4 percent.